

LEGISLATURE OF NEBRASKA  
NINETY-SIXTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 941**

Introduced by Wickersham, 49

Read first time January 5, 2000

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section  
2 14-109, 15-203, 16-205, 17-525, and 19-4018, Reissue  
3 Revised Statutes of Nebraska, section 13-519, Revised  
4 Statutes Supplement, 1998, and section 13-518, Revised  
5 Statutes Supplement, 1999; to authorize a county license  
6 or occupation tax on entities selling alcoholic  
7 beverages; to limit license and occupation taxes as  
8 prescribed; to harmonize provisions; to provide operative  
9 dates; to repeal the original sections; and to declare an  
10 emergency.  
11 Be it enacted by the people of the State of Nebraska,

1           Section 1.   A county may levy and collect a license or  
2 occupation tax on any person, partnership, limited liability  
3 company, corporation, or business engaged in the sale of alcoholic  
4 beverages at any location within the boundaries of the county. The  
5 tax shall be uniform with respect to each class of license  
6 described in the Nebraska Liquor Control Act upon which it is  
7 imposed but may be different upon different classes of license.  
8 The tax shall be based upon a percentage of gross receipts from  
9 sales of alcoholic beverages in the county of the person,  
10 partnership, limited liability company, corporation, or businesses  
11 not to exceed one and one-half percent. A county may not impose  
12 the tax on sales taking place within an incorporated city or  
13 village that has adopted a tax on such persons, partnerships,  
14 limited liability companies, corporations, or businesses under  
15 section 53-132.

16           Sec. 2.   Section 13-518, Revised Statutes Supplement,  
17 1999, is amended to read:

18           13-518. For purposes of sections 13-518 to 13-522:

19           (1) Allowable growth means (a) for governmental units  
20 other than community colleges, the percentage increase in taxable  
21 valuation in excess of the base limitation established under  
22 section 77-3446, if any, due to improvements to real property as a  
23 result of new construction, additions to existing buildings, any  
24 improvements to real property which increase the value of such  
25 property, and any increase in valuation due to annexation and any  
26 personal property valuation over the prior year and (b) for  
27 community colleges, the percentage increase in excess of the base  
28 limitation, if any, in full-time equivalent students from the

1 second year to the first year preceding the year for which the  
2 budget is being determined;

3 (2) Capital improvements means (a) acquisition of real  
4 property or (b) acquisition, construction, or extension of any  
5 improvements on real property;

6 (3) Governing body has the same meaning as in section  
7 13-503;

8 (4) Governmental unit means every political subdivision  
9 which has authority to levy a property tax or authority to request  
10 levy authority under section 77-3443 except sanitary and  
11 improvement districts which have been in existence for five years  
12 or less and school districts;

13 (5) Qualified sinking fund means a fund or funds  
14 maintained separately from the general fund to pay for acquisition  
15 or replacement of tangible personal property with a useful life of  
16 five years or more which is to be undertaken in the future but is  
17 to be paid for in part or in total in advance using periodic  
18 payments into the fund. The term includes sinking funds under  
19 subdivision (13) of section 35-508 for firefighting and rescue  
20 equipment or apparatus;

21 (6) Restricted funds means (a) property tax, excluding  
22 any amounts refunded to taxpayers, (b) payments in lieu of property  
23 taxes, (c) local option sales taxes, (d) motor vehicle taxes, (e)  
24 state aid, (f) transfers of surpluses from any user fee, permit  
25 fee, or regulatory fee if the fee surplus is transferred to fund a  
26 service or function not directly related to the fee and the costs  
27 of the activity funded from the fee, (g) any funds excluded from  
28 restricted funds for the prior year because they were budgeted for

1 capital improvements but which were not spent and are not expected  
2 to be spent for capital improvements, ~~and~~ (h) any excess tax  
3 collections returned to the county under section 77-1776, and (i)  
4 license and occupation taxes imposed under section 14-109, 15-203,  
5 16-205, 17-525, or 19-4018 or section 1 of this act, except that a  
6 license or occupation tax adopted under section 1 of this act shall  
7 not be considered restricted funds until the second fiscal year of  
8 the tax or the second fiscal year after the operative date of this  
9 section, whichever is later; and

10 (7) State aid means:

11 (a) For all governmental units, state aid paid pursuant  
12 to sections 60-305.15 and 77-3523;

13 (b) For municipalities, state aid to municipalities paid  
14 pursuant to sections 18-2605, 39-2501 to 39-2520, 60-3007,  
15 77-27,136, and 77-27,139.04 and insurance premium tax paid to  
16 municipalities;

17 (c) For counties, state aid to counties paid pursuant to  
18 sections 39-2501 to 39-2520, 47-119.01, 60-3001 to 60-3007,  
19 77-27,136, and 77-3618 and insurance premium tax paid to counties;

20 (d) For community colleges, state aid to community  
21 colleges paid under sections 85-1536 to 85-1537.01;

22 (e) For natural resources districts, state aid to natural  
23 resources districts paid pursuant to section 77-27,136; and

24 (f) For educational service units, state aid appropriated  
25 under section 79-1241.

26 Sec. 3. Section 13-519, Revised Statutes Supplement,  
27 1998, is amended to read:

28 13-519. (1) For fiscal years beginning on or after July

1 1, 1996, and before July 1, 1997, no governmental unit shall adopt  
2 a budget containing a total of budgeted restricted funds more than  
3 the last prior year's total of budgeted restricted funds plus  
4 population growth plus two percent expressed in dollars. For  
5 cities of the first and second class and villages, restricted funds  
6 shall be reduced to take into account the fourteen-month fiscal  
7 year for 1995-96. For fiscal years beginning on or after July 1,  
8 1997, and before July 1, 1998, no governmental unit shall adopt a  
9 budget containing a total of budgeted restricted funds more than  
10 the last prior year's total of budgeted restricted funds plus  
11 population growth expressed in dollars. For all fiscal years  
12 beginning on or after July 1, 1998, no governmental unit shall  
13 adopt a budget containing a total of budgeted restricted funds more  
14 than the last prior year's total of budgeted restricted funds plus  
15 allowable growth plus the basic allowable growth percentage of the  
16 base limitation established under section 77-3446. For all fiscal  
17 years beginning on or after July 1, 1998, and before July 1, 1999,  
18 the last prior year's total of restricted funds shall be the last  
19 prior year's total of restricted funds not excluding restricted  
20 funds budgeted for acquisition or replacement of tangible personal  
21 property with a useful life of five years or more in the last prior  
22 year or the year before the last prior year, whichever excluded the  
23 most, plus restricted funds budgeted to pay for lease-purchase  
24 contracts approved on or after July 1, 1997, and before July 1,  
25 1998, to the extent the lease payments are not budgeted restricted  
26 funds for fiscal year 1997-98. For all fiscal years beginning on  
27 or after July 1, 2000, and before July 1, 2001, and for the second  
28 fiscal year that a county has imposed a license or occupation tax

1 under section 1 of this act, the last prior years' total of  
2 restricted funds shall be the last prior years' total of restricted  
3 funds plus any license or occupation tax budgeted for the prior  
4 year. If a governmental unit transfers the financial  
5 responsibility of providing a service financed in whole or in part  
6 with restricted funds to another governmental unit or the state,  
7 the amount of restricted funds associated with providing the  
8 service shall be subtracted from the last prior year's total of  
9 budgeted restricted funds for the previous provider and may be  
10 added to the last prior year's total of restricted funds for the  
11 new provider. For governmental units that have consolidated, the  
12 calculations made under this section for consolidating units shall  
13 be made based on the combined total of restricted funds,  
14 population, or full-time equivalent students of each governmental  
15 unit.

16 (2) In addition to the increase allowed in subsection (1)  
17 of this section, for fiscal years beginning on or after July 1,  
18 1998, and before July 1, 1999, a governmental unit may increase its  
19 budget of restricted funds no more than four percent to create or  
20 increase an existing qualified sinking fund or funds upon the  
21 affirmative vote of at least seventy-five percent of the governing  
22 body. Any unused authority granted in this subsection may not be  
23 carried forward under section 13-521.

24 (3) A governmental unit may exceed the limit provided in  
25 subsection (1) of this section for a fiscal year by up to an  
26 additional one percent upon the affirmative vote of at least  
27 seventy-five percent of the governing body.

28 (4) A governmental unit may exceed the applicable

1 allowable growth percentage otherwise prescribed in this section by  
2 an amount approved by a majority of legal voters voting on the  
3 issue at a special election called for such purpose upon the  
4 recommendation of the governing body or upon the receipt by the  
5 county clerk or election commissioner of a petition requesting an  
6 election signed by at least five percent of the legal voters of the  
7 governmental unit. The recommendation of the governing body or the  
8 petition of the legal voters shall include the amount and  
9 percentage by which the governing body would increase its budgeted  
10 restricted funds for the ensuing year over and above the current  
11 year's budgeted restricted funds. The county clerk or election  
12 commissioner shall call for a special election on the issue within  
13 fifteen days after the receipt of such governing body  
14 recommendation or legal voter petition. The election shall be held  
15 pursuant to the Election Act, and all costs shall be paid by the  
16 governing body. The issue may be approved on the same question as  
17 a vote to exceed the levy limits provided in section 77-3444.

18 (5) In lieu of the election procedures in subsection (4)  
19 of this section, any governmental unit may exceed the allowable  
20 growth percentage otherwise prescribed in this section by an amount  
21 approved by a majority of legal voters voting at a meeting of the  
22 residents of the governmental unit, called after notice is  
23 published in a newspaper of general circulation in the governmental  
24 unit at least twenty days prior to the meeting. At least ten  
25 percent of the registered voters residing in the governmental unit  
26 shall constitute a quorum for purposes of taking action to exceed  
27 the allowable growth percentage. If a majority of the registered  
28 voters present at the meeting vote in favor of exceeding the

1 allowable growth percentage, a copy of the record of that action  
2 shall be forwarded to the Auditor of Public Accounts along with the  
3 budget documents. The issue to exceed the allowable growth  
4 percentage may be approved at the same meeting as a vote to exceed  
5 the limits or final levy allocation provided in section 77-3444.

6 Sec. 4. Section 14-109, Reissue Revised Statutes of  
7 Nebraska, is amended to read:

8 14-109. The council shall have power to tax for revenue,  
9 license, and regulate pawnbrokers, peddlers, auctioneers, brokers,  
10 hawkers, commission merchants, showmen, jugglers, innkeepers,  
11 liquor dealers, toll bridges, ferries, insurance, telegraph and  
12 express companies, and vendors of patents. Such tax may include  
13 both a tax for revenue and license. If the applicant is an  
14 individual, an application for a license shall include the  
15 applicant's social security number. The city council shall have  
16 power to raise revenue by levying and collecting a tax on any  
17 occupation or business within the limits of the city and regulate  
18 the same by ordinance. All such taxes shall be uniform in respect  
19 to the class upon which they are imposed. A license or occupation  
20 tax imposed under this section shall not exceed one and one-half  
21 percent of the gross receipts of such occupation or business at  
22 locations within the city. All scientific and literary lectures  
23 and entertainments shall be exempt from taxation, as well as  
24 concerts and all other musical entertainments given exclusively by  
25 the citizens of the city. It shall be the duty of the city clerk  
26 to deliver to the city treasurer the certified copy of the  
27 ordinance levying such tax, and the city clerk shall append thereto  
28 a warrant requiring the city treasurer to collect such tax. The



1 city council shall also have power to require any person, firm, or  
2 corporation owning or using any vehicle in a city of the  
3 metropolitan class annually to register such vehicle in such manner  
4 as may be provided and to require such person to pay an annual  
5 registration fee therefor and to require the payment of  
6 registration fees upon the change of ownership of such vehicle.  
7 All registration fees which may be thus provided for shall be  
8 credited to a separate fund of the city, thereby created, to be  
9 used exclusively for the repairing of streets in such city. No  
10 registration fee shall be required where a vehicle is used but  
11 temporarily in such city for a period of not more than one week.

12 Sec. 5. Section 15-203, Reissue Revised Statutes of  
13 Nebraska, is amended to read:

14 15-203. A city of the primary class shall have power to  
15 raise revenue by levying and collecting a license or occupation tax  
16 on any person, partnership, limited liability company, corporation,  
17 or business within the limits of the city and regulate the same by  
18 ordinance except as otherwise provided in this section and in  
19 section 15-212. All such taxes shall be uniform in respect to the  
20 class upon which they are imposed. A license or occupation tax  
21 imposed under this section shall not exceed one and one-half  
22 percent of the gross receipts of such person, partnership, limited  
23 liability company, corporation, or business at locations within the  
24 city. All scientific and literary lectures and entertainments  
25 shall be exempt from such taxation as well as concerts and all  
26 other musical entertainments given exclusively by the citizens of  
27 the city.

28 Sec. 6. Section 16-205, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2           16-205.     A city of the first class may raise revenue by  
3     levying and collecting a license or occupation tax on any person,  
4     partnership, limited liability company, corporation, or business  
5     within the limits of the city and to regulate same by ordinance.  
6     All such taxes shall be uniform in respect to the class upon which  
7     they are imposed. A license or occupation tax imposed under this  
8     section shall not exceed one and one-half percent of the gross  
9     receipts of such person, partnership, limited liability company,  
10    corporation, or business at locations within the city. All  
11    scientific and literary lectures and entertainments shall be exempt  
12    from such taxation as well as concerts and all other musical  
13    entertainments given exclusively by the citizens of the city.

14           Sec. 7.     Section 17-525, Reissue Revised Statutes of  
15    Nebraska, is amended to read:

16           17-525.     Second-class cities and villages shall have  
17    power to raise revenue by levying and collecting a license tax on  
18    any occupation or business within the limits of the city or  
19    village, and regulate the same by ordinance. All such taxes shall  
20    be uniform in respect to the classes upon which they are imposed.  
21    A license or occupation tax imposed under this section shall not  
22    exceed one and one-half percent of the gross receipts of such  
23    business at locations within the city or village. All ~~PROVIDED,~~  
24    ~~all~~ scientific and literary lectures and entertainments shall be  
25    exempt from such taxation, as well as concerts and other musical  
26    entertainments given exclusively by the citizens of the city or  
27    village.

28           Sec. 8.     Section 19-4018, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2           19-4018. Pursuant to ~~sections 19-4015 to 19-4038~~ the  
3 Business Improvement District Act cities of the metropolitan,  
4 primary, first, or second class may impose (1) a special assessment  
5 upon the property within a business improvement district in the  
6 city or (2) a general business license and occupation tax on  
7 businesses and users of space within a business improvement  
8 district. A general business license or occupation tax imposed  
9 under this section shall not exceed one and one-half percent of the  
10 gross receipts of such business or user of space at such location.  
11 The proceeds or other available funds may be used for the purposes  
12 stated in section 19-4019.

13           Sec. 9. Sections 1, 9, and 11 of this act become  
14 operative on July 1, 1999. The other sections of this act become  
15 operative on July 1, 2001.

16           Sec. 10. Original section 14-109, 15-203, 16-205,  
17 17-525, and 19-4018, Reissue Revised Statutes of Nebraska, section  
18 13-519, Revised Statutes Supplement, 1998, and section 13-518,  
19 Revised Statutes Supplement, 1999, are repealed.

20           Sec. 11. Since an emergency exists, this act takes  
21 effect when passed and approved according to law.